



Director of
Central
Intelligence

~~Top Secret~~

(b) (1)
(b) (3)

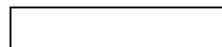


National Intelligence Daily

Friday
22 July 1983

APPROVED FOR RELEASE
DATE: APR 2005

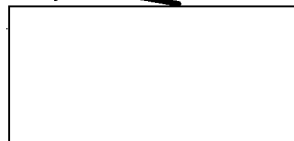
~~Top Secret~~



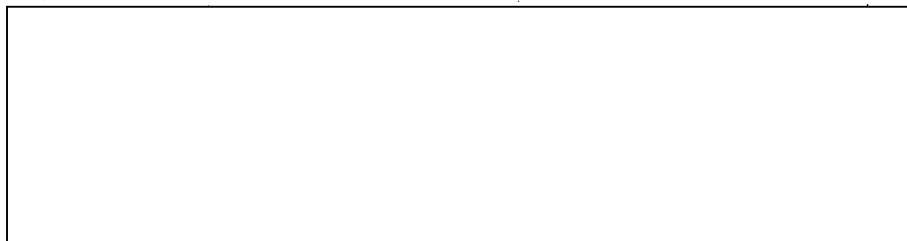
22 July 1983

Copy 000

~~Top Secret~~



Contents



Iraq: More Austerity Measures



~~Top Secret~~

22 July 1983

~~Top Secret~~

IRAQ: More Austerity Measures

Baghdad is raising taxes and demanding additional sacrifices from an already war-weary population as it struggles to finance the conflict and meet minimum domestic needs. []

The government has raised the income tax to 25 percent, nearly a two-thirds increase over the tax rate []

[] It also is conducting a campaign to collect "voluntary" contributions of gold from Iraqi women in order to demonstrate public support for the war effort. In addition, the regime has cut educational stipends and elementary school food programs. []

To reduce outlays of foreign exchange, Baghdad has delayed the issuance of import licenses for many nonessential consumer goods. It also has slashed imports of raw materials by two-thirds for private sector industries, which produce domestic consumer goods. []

Comment: Increased income taxes and gold contributions will add to popular discontent without coming close to meeting Iraq's foreign exchange needs. Oil earnings this year will reach only \$7 billion, as compared with about \$9 billion last year and \$25 billion in 1980. As a result, Iraq is likely to be left with a current account deficit of \$12-15 billion, even after substantial cuts in imports. []

Direct aid by Persian Gulf states and oil sales by them on Iraq's behalf—providing perhaps \$3-4 billion in additional revenue—will not close the gap. With foreign exchange reserves of less than \$8 billion, Iraq will have to defer at least \$4 billion in payments owed this year. []

~~Top Secret~~

22 July 1982